

UNIVERSITI TEKNOLOGI MARA

**THE RELATIONSHIP BETWEEN
ORGANISATIONAL
CHARACTERISTICS AND
DISCLOSURES IN NON-PROFIT
ORGANISATIONS**

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Master

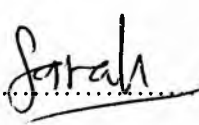
December 2014

STUDENT'S DECLARATION

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ABSTRACT

Provision of a comprehensive annual reports from non-profit organizations (NPOs) is crucial in order to enhance credibility, build community trust and demonstrate their responsiveness towards stakeholders. Existed for the benefit of public as the principal objective, NPOs highly depend on the external environment to ensure sustainability of operations. However, since NPOs are subjected to minimum regulatory requirement, this situation triggers some major problems which reduce NPOs value and reputation. Hence, the objective of this study is to examine the relationship between social enterprise initiative, management commitment and financial vulnerability with the level of information disclosed in the annual report of NPOs in Malaysia. Content analysis was employed as a method to assess the annual reports of 205 NPOs registered with Registrar of Societies (ROS) in Malaysia for the financial year 2011. Findings of this study revealed that the total disclosures among sample NPOs was weak especially the disclosures in Balance Sheet (BS) and Statement of Financial Activities (SOFA). Within the three major component of total disclosures, NPOs disclosed a relatively high non-financial information as compared to the financial information. With regards to the independent variables tested, the study found that social enterprise initiatives and management commitment are significantly associated with the level of information disclosed in annual report. In adverse, financial vulnerability was found insignificant to the overall disclosures. Of relevance, statistical analysis also revealed that most of the NPOs in Malaysia were in financially vulnerable condition. In addition, commitment anticipated from the non-profit managers are quite low among the sample NPOs. Overall, the findings provide a useful information to regulators to continuously improve the non-profit sector through developing more comprehensive framework and practices in assisting preparation and presentation of NPOs annual reports.

TABLE OF CONTENTS

| | Page |
|-------------------------|------|
| CANDIDATE'S DECLARATION | ii |
| ABSTRACT | iii |
| ACKNOWLEDGEMENT | iv |
| TABLE OF CONTENTS | v |
| LIST OF TABLES | viii |
| LIST OF FIGURES | ix |
| LIST OF ABBREVIATIONS | x |
| LIST OF APPENDICES | xi |

CHAPTER ONE: INTRODUCTION

| | | |
|-----|--|---|
| 1.1 | Preamble | 1 |
| 1.2 | Financial Reporting for Malaysian NPOs | 4 |
| 1.3 | Problem Statement | 4 |
| 1.4 | Research Questions and Objectives | 7 |
| 1.5 | Significance of Study | 8 |
| 1.6 | Organization of Study | 9 |

CHAPTER TWO: LITERATURE REVIEW

| | | |
|-----|--|----|
| 2.1 | Introduction | 10 |
| 2.2 | Overview of NPO | 10 |
| 2.3 | Resource Dependence Theory | 12 |
| 2.4 | Level of Information Disclosed | 14 |
| 2.5 | Social Economic Initiatives and Level of Information Disclosures | 16 |

| | | |
|--------|---|----|
| 2.6 | Management Commitment and Level of Information Disclosures | 18 |
| 2.7 | Financial Vulnerability and Level of Information Disclosures | 20 |
| 2.8 | Organization Size and Level of Information Disclosures | 23 |
| 2.9 | Conceptual Framework | 24 |
| 2.10 | Development of Hypothesis | 25 |
| 2.10.1 | Social Economic Initiatives and Level of Information Disclosures | 25 |
| 2.10.2 | Management Commitment and Level of Information Disclosures | 26 |
| 2.10.3 | Financial Vulnerability and Level of Information Disclosures | 28 |
| 2.11 | Summary | 29 |

CHAPTER THREE: RESEARCH METHODOLOGY

| | | |
|---------|---------------------------------------|----|
| 3.1 | Introduction | 30 |
| 3.2 | Research Methodology | 30 |
| 3.3 | Sample Selection | 31 |
| 3.4 | Variable Measurement | 31 |
| 3.4.1 | Dependent Variable | 31 |
| 3.4.1.1 | Development of Total Disclosure Index | 31 |
| 3.4.1.2 | Scoring the Total Disclosure Index | 35 |
| 3.4.1.3 | Reliability of Total Disclosure Index | 36 |
| 3.4.2 | Independent Variables | 36 |
| 3.4.2.1 | Social Enterprise Initiatives | 36 |
| 3.4.2.2 | Management Commitment | 37 |
| 3.4.2.3 | Financial Vulnerability | 37 |
| 3.4.3 | Control Variable | 38 |
| 3.5 | Regression Equation | 39 |
| 3.6 | Summary | 41 |